

**New Jersey State Health Benefits Commission
August 9, 2006 Meeting**

State Health Benefits Program (SHBP)

Recommended Plan Year 2007 Dental Plan Rate Renewal

- For the SHBP Dental Plans, Aon recommends the following premium rate adjustments for both the State and Local Employer Groups for Plan Year 2007:

	Actives	Retirees
Dental Expense Plans	0.0%	17.0%
Dental Plan Organizations (DPOs)		
Aetna	2.5%	n/a
Assurant	0.0%	n/a
BeneCare	0.0%	n/a
CIGNA	0.0%	n/a
Community Dental Associates	0.0%	n/a
Dental Group of New Jersey	0.0%	n/a
Flagship	0.0%	n/a
Group Dental Health Admin.	0.0%	n/a
Healthplex	0.0%	n/a
Horizon	-5.3%	n/a

- The recommended Plan Year 2007 renewal premium rate adjustments assume no changes in benefit plan design or the number of DPOs offered. However, Aon is recommending that the number of DPOs offered be reduced by at least 3 plans for Plan Year 2008.
- The recommended DPO renewal assumes that DPO service areas will be expanded into New York and Pennsylvania by DPOs that have networks available in those locations.
- The Plan Year 2007 renewal assumes that Dental Expense Plan enrollment will grow by 5.2% in Plan Year 2007 and the DPO enrollment will decrease by 0.5%.

- The recommended Plan Year 2007 renewal premium rate increase for the Retiree Dental Expense Plan includes a 2% margin, due to the unfavorable experience thus far in Plan Years 2005 and 2006 to date. The margin is also necessary due to the uncertainty of how utilization will change as the Plan matures beyond the initial 2 years of existence. Also, 90% of the enrollment will be at the Tier 3 benefit level in Plan Year 2007, compared to 48% in Plan Year 2006.